



*Town of Littleton, Massachusetts
Department of Finance and Budget*

*Bonnie-mae Holston, Assistant Town Administrator for Finance & Budget
Michelle Reynolds, Assistant Town Accountant*

To: Keith Bergman, Town Administrator

From: Bonnie Holston, Assistant Town Administrator/Finance Director

Date: August 17, 2010

Re: FY2011 Budget and Capital Analysis

FY2011 Budget

As you had requested, please find attached (1) a summary of the FY2005-2011 Revenue Analysis for the Town of Littleton as well as a budget summary update.

The School Department budget appropriation was level funded by the May Annual Town Meeting, as the net school state aid figures were largely unknown at that time. The total school budget was built with a projected 3% increase (\$437,627) with the plan to draw down their reserves in order to fund this increase. Since that time the school has reached agreement with the LEA contract that would effect a 1% wage increase - approximately an additional \$100,000 impact.

The final estimates for School State Aid have been received and show an increase of \$548,406 to the School for FY2011 as "net school state aid". As in the past, when the state has increased or decreased Chapter 70 Aid or Educational Assessments the school appropriation has been adjusted accordingly. It is my understanding at this time that this increase in state funding will have no effect on the FY2011 school budget other than the fact that the school reserves will not be drawn down to meet their obligations under their adopted budget. This is critical as we are anticipating that FY2012 will not show an increase in State Aid or Local Receipts, and a drawdown of reserves in FY2012 appears eminent in order to fund contractual obligations. Additionally, the school is anticipating a significant increase in SPED costs for FY2012 that requires planning for.

The Town operating budget for FY2011 is still currently balanced based on implementation of a Level Funded Budget for all Town Departments.

The final estimated State Aid figures for FY2011 have shown a 4% reduction in General Municipal Aid from FY2010. While we had planned for a 10% reduction in this account, any gains we might have been able to recognize have been in part offset in additional declines in Local Receipts, mostly attributed to a reduction in investment income (market driven) as well as the building permit activity being normalized after the renovations at the IBM facility in FY2008 and FY2009. With these final adjustments there is \$42,237.39 available for additional appropriation within the Town Budget.

It should be noted that contractual obligations for Town bargaining units have not been reached yet for FY2011. Should the Town settle with all its bargaining units/permanent employee groups for the same 1% wage increase afforded to the School for FY2011, it would effect an increase of approximately \$41,000.00. This increase could be funded by utilizing the \$42,237.39 in remaining revenue and proposing an increase in the respective department salary appropriations to the fall Special Town Meeting. This would effectively leave the budget in balance for FY2011.

FY2011 Capital Plan

The Town funded \$289,120 in capital expenditures during the May Annual Town Meeting. With the list of Capital items growing each year and no capital exclusions funded for FY2010 or FY2011, it was felt that some additional items should be funded to try and lessen the impact of these items being put off yet another year.

At this time, the only source of funding available for Capital at the Special Town Meeting is the snow and ice deficit that had been planned for FY2010. As in the past, the Town budgeted for a \$325,000.00 deficit in the snow and ice removal account, however due to an unexpectedly mild season our deficit came in at \$119,000.00. This leaves the Town with \$206,000.00 available for non-recurring expenditures (non budgetary, as this is a one-time source of funding).

Out of this funding, the Board has already agreed to place a warrant article on the fall Town Meeting for \$30,000.00 for a Crematory Feasibility Study – leaving \$176,000.00 for further capital appropriation.

From the Selectmen's discussions last spring, it appeared that the highest priorities were the following:

1. Refurbishment of Fire Engine 1 - \$125,000.00 - This refurbishment was requested in FY2010 and again for FY2011, but was not funded due budget constraints.
2. High School Flooring repairs – unknown cost as of yet. The High School flooring has been developing some mildew on certain levels. Additional reviews are currently being undertaken to formulate solutions and repair estimates.

For further consideration, the Finance Committee voted on March 9th 2010 to recommend that the following four (4) items be added to the list of Capital Improvements for FY2011:

3. Self Check Station - \$11,000 to be expended by the Library Trustees for a self check station and desk adaptation.
4. Whitcomb Ballfield renovation -\$12,000 to be expended by Park & Rec in order to replace a fenced backstop and dugouts on the Whitcomb baseball field next to the Russell Street School. The backstop and dugouts originally date back some thirty years and are a safety hazard. If not replaced soon would render the field unusable and dangerous
5. Refurbish 2000 Mack Lift hook sander #18 - \$20,000 to be expended by the Highway Department. It was planned on the vehicle being in service for 20 years with a refurbishment half way through it's in service time (10 years). The

- Massachusetts Registry of Motor Vehicles DOT inspection dictates what type of condition a vehicle needs to be in.
6. Shaker Lane Flooring - \$13,000 to be expended by the School committee to replace/repair the flooring at the Shaker Lane School.

While it was recognized that these items were of importance and merited discussion, the Board of Selectmen declined to add them to the list of capital items on the Annual Town Meeting warrant until we had more accurate revenue estimates from the state.

As there is not adequate funding for all of these items at this time, some items will require removal from the final listing submitted to Special Town Meeting and reconsidered at a later date.

I will keep the Board advised of changes throughout the budget season. Please do not hesitate to contact me directly with any questions.